

Memorandum

To: Chairman and Commissioners

Date: November 26, 2002

From: Diane C. Eidam

Ref No: 4.9
ACTION

Ref: Technical Advisory Committee On Aeronautics Report On Aviation Issues

Issue: Should the Commission accept its Technical Advisory Committee On Aeronautics (TACA) Report On Aviation Issues for inclusion in its Annual Report?

Recommendation: Staff recommends that the Commission accept the attached TACA report on its 2001 activities on aviation issues for inclusion in the Commission's Annual Report.

Summary: During 2002, TACA with the Commission's approval has continued to focus on a comprehensive review of the role and responsibilities of Caltrans' Division of Aeronautics and the funding sources for the various state programs related to aviation. TACA has been working with Caltrans, BT&H, and the Technology, Trade and Commerce Agency, to identify potential roles and policies for the State in developing California's aviation system. Below is a summary of the TACA report for this year:

TACA advised the Commission on the three-year Aeronautics Program and the local match rate required for State Aeronautics Program grants. The Commission on April 4, 2002 adopted the Aeronautics Program and a 10% match rate.

TACA advised the Commission on the proposed \$6 million transfer from the Aeronautics Account to the General Fund. The Commission, based upon TACA's urging, wrote a letter to the Administration seeking to redefine the transfer as a loan and provide for repayment of the loan as needed. The Commission request was based on the significant increase in use of the State's General Aviation airports by business aviation and the federal Transportation Security Administration concern with the lack of security measures at General Aviation airports.

When the \$6 million was transferred from the Aeronautics Account to the General Fund, TACA met and recommended that the Commission allocate CAAP funds only to safety projects and to projects using the State funds to match federal airport improvement grants.

In December 2002, Caltrans advised TACA that current estimates by the Department of Finance indicates that anticipated revenues would be \$1.5 million less for the Aeronautics Account. If this projection is correct, then the Commission must reconsider its September 2002 action. TACA advised the Commission that it might need to:

- prioritize the remaining State funds to match federal airport improvement projects that address safety projects first;
- delay funding some safety and non-safety CAAP projects; and
- defer all other projects.

TACA noted it would come back to the Commission with its recommendations early next year.

TACA also commented on the need to expand major commercial airports. TACA stated that California's major commercial airports have been in the planning stages to expand and meet the increasing demand. Local communities adjacent to major airports have expressed fierce opposition to expansion due to anticipated noise impact from aircraft and surface transportation congestion. In fact, many local communities have permitted residential and other incompatible land use development to occur adjacent to airports. This local opposition has resulted in delaying expansion projects, scaling back of other airport projects, or shelving projects. Increased pressure on California's commercial airports will make effective use of reliever and other General Aviation Airports increasingly important.

TACA noted that increased capital outlay for security devices at airports, because of September 11th, has placed a financial strain on local airports. Because of security and delay issues, business travelers have shown significant interest in Business Aviation and other private general aviation travel. It is a trend and has resulted in increased demand for business aircraft requiring continued access to commercial airports and the need for increased development of general aviation airports. However, increased funding has not occurred for the general aviation airports to implement security measures or to accommodate the increased demand.

TACA noted that the Commission's adoption of TACA recommendations in last year's "White Paper on the State's Role in Aviation" prompted the Legislature to acknowledge in 2002 the Commission recommendations for a disclosure notice on airport noise, the need to address airport security, and the need to increase the state funding for aviation infrastructure. Due to the state budget shortfall, bills for increased funding did not pass. However, legislation (AB 2630, Poochigian) was passed to permit the state to provide the full 10% local match for federal grants to airports for security measures, if sufficient funds are available. AB 2776, Simitian, provides for better notification to homebuyers of the proximity and potential impact of airports on surrounding property, thereby reducing the complaints about airport noise by neighboring communities.

A consistent problem in dealing with airport system planning and development issues is the inability to quantify how aviation impacts the lives of California's residents and its economy. The global economy has expanded, air cargo and business aviation has increased dramatically, military bases have closed, the aerospace industry has been reduced and recreational aviation has declined. To understand aviation's impact on today's economy, current information and a new baseline are needed. Caltrans Aeronautics Program began work with TACA last year to obtain the information needed to analyze the aviation's economic impact on California. This report is expected to be completed by early 2003.

Attachment

AERONAUTICS ISSUES: 2002 ACTIVITIES AND ACCOMPLISHMENTS

Commission's Aviation Responsibilities

The Commission's primary responsibilities regarding aeronautics, include:

- advising and assisting the Legislature and the Secretary of Business, Transportation and Housing (BT&H) in formulating and evaluating policies and plans for aeronautics programs;
- adopting the California Aviation System Plan (CASP), a comprehensive plan defining state policies and funding priorities for general aviation and commercial airports in California; and
- adopting and allocating funds under the three-year Aeronautics Program, which directs the use of State Aeronautics Account funds to:
 - provide a part of the local match required to receive federal Airport Improvement Program (AIP) grants; and
 - fund capital outlay projects at public-use airports through the California Aid to Airports Program (CAAP) for airport rehabilitation, safety and capacity improvements.

Technical Advisory Committee on Aeronautics

Section 14506.5 of the California Government Code states, "The Chairman [of the California Transportation Commission] shall appoint a Technical Advisory Committee on Aeronautics (TACA), after consultation with members of the aviation industry, airport operators, pilots, and other aviation interest groups and experts, as appropriate. This TACA shall give technical advice to the Commission on the full range of aviation issues to be considered by the Commission." The current membership of TACA represents airport businesses, aviation divisions of large companies, air cargo companies, pilots and aircraft owners, managers of commercial and rural airports, managers of operations at major commercial airports, metropolitan planning organizations, federal and state aviation agencies. (See next page for membership.)

This statutorily mandated advisory committee provides great value to the Commission as it carries out its responsibility in advising the Secretary of the BT&H and the Legislature on State policies and plans for transportation programs in California.

Members Of Technical Advisory Committee On Aeronautics

Michael Armstrong, Principal Planner, Southern California Association of Governments

Herman Bliss, Ex Officio, Manager, Western Region Airports Division, Federal Aviation Administration.

Daniel Burkhardt, TACA Vice Chairman, *Director of Regional Programs*, National Business Aviation Association

Curt Castagna, President, Aeroplex Aviation (Long Beach Airport)

Richard Cox, Regional Director Air Transport Association of America

Steven Irwin, Airside Operations, Oakland International Airport

Jack Kemmerly, TACA Chairman, Director of California Operations, Exceptional Strategies, Inc.

Chris Kunze, Manager, Long Beach Airport

Harry A. Krug, Airport Manager, Colusa County Airport

Mark F. Mispagel, Special Counsel, El Toro Master Development Program

John Pfeifer, Aircraft Owners and Pilots Association (AOPA), California Regional Representative

Alan R. Tubbs, District Field Services Manager, Airborne Express, Mather Field

Austin Wiswell, Ex Officio, Chief, Division of Aeronautics, California Department of Transportation

TACA's Activities During 2002

During 2002, the TACA met 4 times. TACA with Commission approval in 2001 has been working with Caltrans, BT&H, and the Technology, Trade and Commerce Agency, to identify potential roles and policies for the State in developing California's aviation system. TACA also:

- advises the Commission on the local match rate required for State Aeronautics Program grants. The Commission on April 4, 2002 adopted a 10% match rate.
- advises the Commission on adoption of the updated Policy Element of the CASP.
- cooperates with Caltrans and the Federal Aviation Administration (FAA) to coordinate State and federal aviation programs, including review of airport security needs.

Commission Acts To Adopt 2002 Aeronautics Program And Sets California Aid To Airports Matching Rate

In January 2002, the Caltrans Aeronautics Division presented a draft 2002 Aeronautics Program to the Commission. Then, in February, the proposed match rate for California Aid to Airports Program grants was presented to the Commission. The Commission is required to establish annually a rate between 10% and 50% that local governments must match to receive California Aid to Airports Program (CAAP) grants from the 2002 Aeronautics Program.

TACA, at its March 2002 meeting, reviewed the proposed aeronautics program and considered the proposed match requirement for the projects to receive CAAP grants. TACA recommended that the Commission accept the proposed aeronautics program and continue the long-standing match requirement, established in 1995, of 10% for FY 2002-03. TACA thought this would continue to ensure that the maximum number of airports participate in the State aeronautics funding programs and be consistent with the matching rate required for federal AIP grants. Further, a low-match rate does not result in a small number of large grants because statute limits program grants to a maximum of just \$500,000.

At its April 2002 meeting, based on TACA's recommendations, the Commission adopted the three-year 2002 Aeronautics Program consisting of 59 projects for \$17,963,000 and retained the 10% matching rate for CAAP grants.

Commission Acts To Conform Aeronautics Program With FY 2002-03 Budget

Prior to the adoption of the 2002 Budget, Caltrans and TACA informed the Commission that \$6 million in the Aeronautics Account was being considered for transfer to the General Fund. The Commission, based upon TACA's urging, wrote a letter to the Administration seeking to redefine the transfer as a loan and provide for repayment of the loan as needed. The Commission request was based on the significant increase in use of the State's General Aviation airports by business aviation and the federal Transportation Security Administration concern with the lack of security measures at General Aviation airports.

The 2002 Budget transferred \$6 million (which is approximately 65% of the annual revenues originally budgeted) from the Aeronautics Account to the General Fund. This transfer reduced CAAP funds to the extent that if all 59 projects were to be funded, then the state matching for federal airport grants would have to be reduced. On September 17, 2002, TACA met and supported Caltrans' recommendation to allocate CAAP funds only to safety projects and to projects using the State funds to match federal airport improvement grants. In December 2002, the Department advised TACA that current estimates by the Department of Finance indicates that anticipated revenues would be \$1.5 million less for the Aeronautics Account. This shortfall in available funds will

require the Commission to reconsider its September 2002 action. The Commission may need to prioritize the remaining State funds to match federal airport improvement projects that address safety projects first. It may be necessary to delay funding some safety and non-safety CAAP projects. All other projects will be deferred. The Department is working with the Federal Aviation Administration to find federal funds for the remaining CAAP projects.

Regional and Statewide Airport Authorities Needed – Infrastructure Commission On Building For The 21st Century

California's major commercial airports have been in the planning stages to expand and meet the increasing demand placed on them. Local communities adjacent to major airports have expressed fierce opposition to expansion due to anticipated noise impact from aircraft and surface transportation congestion. In fact, many local communities have permitted residential and other incompatible land use development to occur adjacent to airports. This local opposition has resulted in delaying expansion projects at San Francisco International, Oakland International and San Jose International airports in the Bay Area. In addition, proposed expansion of Los Angeles International and Burbank Airports have been drastically scaled back or in the case of Burbank shelved. Further, the proposed conversion of El Toro Marine Corps Air Station to a civilian airport in Orange County was turned down by the voters in November 2002 leaving a projected airport capacity shortfall in Southern California.

Recent legislation has resulted in the formation of a new regional airport authority in San Diego County. The new authority's first order of business is to address the airport growing capacity shortfall that exists in San Diego County. To the north of San Diego, the Southern California Association of Government's Aviation Task Force is proceeding with its analysis of commercial airport capacity without El Toro and with Los Angeles International restricted to 78 million annual passengers. Increased pressure on California's commercial airports will make effective use of reliever and other General Aviation Airports increasingly important.

Aviation is an important aspect of the State's transportation system. Below is an excerpt from the Infrastructure Commission report, which discusses the need to create regional and statewide authorities to ensure better use of the State's aviation system.

"Access and capacity limitations at our airports threaten the state's position in international trade and tourism. Airport delays have increased significantly in recent years throughout the state. Despite recent capacity additions at many airports, more capacity is still needed and regional expansion plans remain hotly contested in the Los Angeles, San Francisco and San Diego regions. The Central Valley and rural California are largely unserved by viable air transportation.

The global economy, which relies upon reduced inventories and just-in-time production and delivery, has heightened the urgency of an efficient, reliable multi-modal goods

movement system. As California moves to regain preeminence in the business of space transportation, special infrastructure needs for production, launch, operation and recovery must be considered.

The [Infrastructure] Commission proposes that super-regional airport authorities be created that would report to a statewide aviation authority to plan for more efficient use of existing and new airport capacity. The primary regions could include the Bay Area, Central Valley, Los Angeles basin and San Diego.”

Post 9/11 Terrorist Attacks have Severe Impact on Aviation Industry

The tragic terrorist attacks in New York and Washington D.C. has prompted the federal government to take immediate steps to increase security in the nation’s air transportation system. The results of increased security measures has resulted in delays and reduced air travel in the commercial aviation sector. Increased capital outlay for security devices at airports has placed a financial strain on local airport authorities, even though the federal government has reimbursed some of the capital outlay costs. The new federal Transportation Security Administration (TSA) has focused primarily on commercial aviation. To date the Federal Aviation Administration has only provided some suggested guidelines for increased security at general aviation airports such as security fencing and lighting, as well as increased vigilance of persons on the airport. The new Department of Homeland Security, which TSA will soon be a part, will undoubtedly provide specificity to those directions.

Because of security and delay issues, business travelers have shown significant interest in Business Aviation and other private general aviation travel. While the shift has not had a significant impact on the airlines, it is a trend and has resulted in increased demand for business aircraft requiring continued access to commercial airports and the need for increased development of general aviation airports. Prior to and post 9/11, Business Aviation was and continues as the fastest growing element of aviation. Unfortunately, there has been very little increased funding available for the general aviation airports to implement security measures or to accommodate the increased demand.

Aviation Related Legislation Introduced in 2002 Acknowledges Commission Recommendations in Its 2001 Annual Report to the Legislature

The Commission’s adoption of the TACA recommendations contained in the “White Paper on the State’s Role in Aviation” prompted the Legislature to acknowledge the Commission recommendations relating to airport noise disclosure notice, the need to address airport security, and the need to increase the state funding for aviation infrastructure. Due to the state budget shortfall, bills for increased funding did not pass. However, legislation (AB 2630, Poochigian) was introduced and passed to permit the state to provide the full 10% local match for federal grants to airports for security measures, if sufficient state aeronautics funds are available. AB 2776, Simitian, also

passed and it provides for better notification to homebuyers of the proximity and potential impact of airports on surrounding property thereby reducing the complaints of airport noise to neighboring communities.

Report on Aviation and Economic Development in California

A consistent problem in dealing with airport system planning and development issues by government agencies is their inability to quantify how aviation impacts the lives of California's residents and its economy. The last time aviation's economic impacts in California were assessed was in 1988 at the request of the Legislature. Over the past 14 years, the global economy has expanded, air cargo and business aviation has increased dramatically, military bases have closed, the aerospace industry has been reduced and recreational aviation has declined. To understand aviation's impact on today's economy, current information and a new baseline are needed. Caltrans Aeronautics Program began work last year (and will be complete in Spring 2003) to obtain the information, with consultant services, needed to analyze the aviation's economic impact on California; the report will include:

- quantification and documentation of aviation's direct role in the State's economy by the various types of aviation transportation;
- value of the commerce that flows through California airports (current and historical);
- aviation's contribution to the State's tax revenues;
- direct economic impact of each of the 13 "hub" airports in California;
- estimated direct economic impact of a typical "non-hub" airport in the State;
- the importance of non-military, government aviation (fire suppression, law enforcement, FAA activities in California, etc.); and
- recommendations for improving the airport system so that future economic growth is not constrained.
- focus on legislation and issue of diverting aeronautics funds by the budget.